

Revised to include new information

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

This bill requires the Department of Health and Human Services to apply for a grant under State Balancing Incentive Payment Program (BIPP) by September 1, 2014. The department is to report to the Health and Human Services Committee on or before December 1, 2014, on the status of the grant. A nine-member Aging Nebraskans Task Force is created.

The State Balancing Incentive Payment Program provides states with enhanced federal matching funds in Medicaid to expand home and community-based services. States receiving the enhanced match must make structural changes which include establishing a single point of entry, optional presumptive eligibility, case management services and use of a statewide standardized assessment instrument for determining eligibility for home and community-based services. States with grants under this program may not adopt more restrictive eligibility standards than those in place as of December 31, 2010. The grants are available through September 2015.

Due to the short timeframe for application for the BIPP, a consultant would be needed to prepare the application. The estimated cost is \$80,000 (\$40,000 GF and FF) in FY 15. HHS estimates that the following staff would be needed to implement the grant and staff the Task Force: one program coordinator, two staff assistants, two program specialists and one program analyst. The cost would be \$461,736 (\$230,868 GF and FF) in FY 15 and \$381,736 (\$190,868 GF and FF) in FY 16.

Nebraska would be eligible to receive a 2% increase in federal matching funds to enhance home and community-based services. The additional enhanced match would be approximately \$3.1 million in FY 15 and \$6.2 million in FY 16. The freed up general funds would generate \$5.8 million in FY 15 and \$11.6 million in FY 16.

Clients on the home and community-based waiver or those under managed care would not be eligible under the BIPP grant. HHS currently provided case management services to clients on the home and community-based waiver and the Department's fiscal note assumes case management would be extended to all clients served under the BIPP grant. HHS estimates there are approximately 4,966 who would receive case management services. Case management services currently cost \$193 per month per client. The total cost for half of FY 15 would be \$5,750,628 (\$2,629,187 GF and \$3,121,441 FF) and \$11,501,256 (\$5,528,374 GF and \$6,242,882 FF) for a full year in FY 16. Services not currently offered do not need to be provided as a condition of the grant, so case management services are not required but may be needed to implement the grant.

The changes that would be done under the BIPP have the potential to shift services from institutional care to home and community-based care. Further study would need to be done to determine the extent of the savings that would result from the shift to more home and community-based services.

The chart below summarizes the funding:

	FY 15			FY 16		
	General	Federal	Total	General	Federal	Total
Staffing						
Grant Writer	40,000	40,000	80,000	0	0	0
DHHS Program Coordinator	23,282	23,282	46,563	23,282	23,282	46,563
DHHS Staff Assistant II	17,134	17,134	34,268	17,134	17,134	34,268
Task Force Program Specialist	43,314	43,314	86,628	43,314	43,314	86,628
Task Force Program Analyst	21,076	21,076	42,151	21,076	21,076	42,151
Task Force Staff Assistant II	17,134	17,134	34,268	17,134	17,134	34,268
Staff Benefits	42,679	42,679	85,358	42,679	42,679	85,358
Operating	26,250	26,250	52,500	26,250	26,250	52,500
Case Management	2,629,187	3,121,441	5,750,628	5,258,374	6,242,882	11,501,256
Enhanced Match		3,100,232	3,100,232		6,200,463	6,200,463
Federal Match for Freed Up GF		5,819,845	5,819,845		11,639,691	11,639,691
Total Costs						
Administration/Operating	230,868	230,868	461,736	190,868	190,868	381,736
Case Management	2,629,187	3,121,441	5,750,628	5,258,374	6,242,882	11,501,256
Additional Federal Match		8,920,077	8,920,077		17,840,154	17,840,154
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Total	2,860,055	12,272,386	15,132,441	5,449,242	24,273,904	29,723,146
Summary						
Administration						
Salaries	121,939	121,939	243,878	121,939	121,939	243,878
Benefits	42,679	42,679	85,358	42,679	42,679	85,358
Consultant	40,000	40,000	80,000	-	-	-
Operating	26,250	26,250	52,500	26,250	26,250	52,500
Administration Total	230,868	230,868	461,736	190,868	190,868	381,736
Aid						
Case Management	2,629,187	3,121,441	5,750,628	5,258,374	6,242,882	11,501,256
2% match		3,100,232	3,100,232		6,200,463	6,200,463

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 690	AM:	AGENCY/POLT. SUB: Health and Human Services (HHS)
REVIEWED BY: Elton Larson	DATE: 1/22/2013	PHONE: 471-4173
COMMENTS: HHS analysis and estimate of fiscal impact appear reasonable.		

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Steve Shively

Date Prepared:(4) 1-17-14

Phone: (5) 471-0676

	<u>FY 2014-2015</u>		<u>FY 2015-2016</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$3,093,940		\$5,645,208	
CASH FUNDS				
FEDERAL FUNDS	\$12,670,031		\$24,396,391	
OTHER FUNDS				
TOTAL FUNDS	\$15,763,971		\$30,041,599	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 690 directs DHHS to apply for the Balancing Incentives Payment Program (BIPP) grant from CMS, with the application due by September 1, 2014.

In order to meet the September 1, 2014 application due date the Department of Health and Human Services would need to hire a contractor to prepare the application at an estimated cost of \$80,000 (\$40,000 GF and \$40,000 FF) in SFY15.

Assuming the grant is approved and the program begins January 1, 2015, DHHS would need 1 FTE Program Coordinator and 1 FTE Staff Assistant II to implement and monitor the program estimated at \$159,536 (\$79,768 GF and \$79,768 FF) for SFY 2015 and \$159,536 (\$79,768 GF and \$79,768 FF) for SFY16.

Assuming the grant is approved and the Task Force is created, additional staff will be needed in the State Unit on Aging in the following proportion: Two FTE Program Specialists to oversee the statewide strategic plan for long-term care, contract procurement and management of the budgeting evaluation for a national entity, one FTE Program Analyst for support of fiscal management of long-term care budgets, and one FTE Staff Assistant II to prepare reports and coordinate meetings estimated at \$321,806 (\$160,903 GF and \$160,903 FF) for SFY 2015 and \$321,806 (\$160,903 GF and \$160,903 FF) for SFY16.

To comply with the required single point entry system, DHHS will need to provide services for screening clients, determining service eligibility and enrolling clients in services. It is further required to provide conflict free case management. DHHS would need to contract out these services with new or existing local entities. It is estimated that to provide on-going conflict free case management for clients not currently receiving this service, but who would be eligible for it under BIPP requirements, would cost approximately \$11,501,256 (\$5,258,374 GF and \$6,242,882 FF) annually, with the first full year being SFY16. The estimated cost of these services for January 1, 2015 to June 30, 2015 is \$5,750,628 (\$2,629,187 GF and \$3,121,441 FF.) This cost estimate is based on the number of clients (5,659) in SFY 2013 who received Personal Assistance Services, home health or private duty nursing, and was not enrolled on an HCBS waiver. This group of clients was further reduced by taking into consideration the number of clients that are enrolled in managed care. The remaining 4,966 clients make up the group of clients who would receive conflict free case management under BIPP. The case management cost for each new client is based on the current services coordination which is \$193 per month for 12 months.

To meet the system requirements as defined by the BIPP grant, DHHS would also need to make system changes that are estimated at \$192,000 (\$96,000 GF and \$96,000 FF) in SFY13. Due to the short time frame involved, it is possible that web-based assessment products already on the market may need to be purchased instead of developing or adding to current State systems. Additionally, a Single Point Entry System will require the development and maintenance of a website designed for community based long term services and supports which is estimated at \$60,000 annually (\$30,000 GF and \$30,000 FF.)

If the grant is approved, it is estimated that approximately \$6.2 million would be available for services annually; the first full year would be SFY16. Under BIPP, the amount available is based on an increased match rate of 2% of the \$310,023,159 total SFY13 expenditures for HCBS Waivers and community based long term care services, such as personal assistance services and home health services. The increased match rate which increases the amount of federal share used to pay the original expenditures would reduce the general fund expenditures by \$6.2 million. These reduced General funds must be used for new or expanded long term services and supports. The BIPP grant specifically restricts the funds from being used for administrative expenses. Therefore, all costs identified above cannot be paid for with these grant funds. It is assumed that the freed up general funds would be eligible to be used for match to draw down additional federal funds as long as the new or expanded services are coverable and eligible for match. The additional Federal matching funds would be approximately \$11.6 million annually; the first full year would be SFY16. Because the start date is January 1, 2015, it is estimated that during SFY15 approximately \$3 million would be available for services due to the 2% increased match. There will also be approximately \$5.8 million in additional federal match because of the \$3 million of general funds freed up in SFY15.

It is the expectation of CMS that the structural changes and services being created under the BIPP grant will continue to be used once the program ends. Taking this into consideration, it should be noted that when the BIPP grant ends September 30, 2015 or when the \$3.2 billion in funds have been expended by CMS, the estimated \$5.8 million of Federal funds being received from the increased match would need to be replaced by general funds annually.

MAJOR OBJECTS OF EXPENDITURE				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2014-2015	2015-2016
	14-15	15-16	EXPENDITURES	EXPENDITURES
DHHS Program Coordinator	1	1	\$46,563	\$46,563
Staff Assistant II	2	2	\$68,536	\$68,536
DHHS Program Specialist	2	2	\$86,628	\$86,628
DHHS Program Analyst	1	1	\$42,151	\$42,151
Benefits.....			\$85,358	\$85,358
Operating.....			\$484,107	\$212,107
Travel.....				
Capital Outlay.....				
Aid.....			\$14,950,628	\$29,500,256
Capital Improvements.....				
TOTAL.....			\$15,763,971	\$30,041,599